



NEWS RELEASE

**XSTRATA COPPER ANNOUNCES C\$121 MILLION INVESTMENT TO
EXTEND KIDD MINE**

Toronto, Ontario, August 6, 2008

Xstrata Copper announces investment of C\$121 million to deepen and extend the life of the underground Kidd Mine located in the Timmins area of Northern Ontario, Canada.

Already the world's deepest copper and zinc mine, the latest project will extend the mining zone at Mine D from 9,100 feet to 9,500 feet, improving the production profile from the mine through the addition of 3.4 million tonnes of ore to the mining plan and extending the mine life by one year to 2017.

Xstrata Copper Canada Chief Operating Officer Claude Ferron said of the investment:

"The investment approval reflects Xstrata Copper's commitment to the sustainability of Kidd Mine and the Timmins community and its business strategy to continually implement improvements to enhance the value of its operations. Our ability to mine safely and efficiently at the current 8,800 level, the commitment of our employees and support of the community were fundamental factors in obtaining the necessary approvals."

"We continue to study the potential to add more reserves at the mine and to further extend its operational life" said Ferron.

Construction is already underway and scheduled for completion by mid 2010, providing approximately 75 additional full-time jobs for the duration of the project.

In 2007, approval was given to extend the mining zone to 9,100 feet and in June 2008 to 9,500 feet for a combined additional investment of C\$148 million.

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About Kidd Mine

Kidd Mine, located near Timmins in Ontario, Canada, began operations in 1966. It now forms part of the Xstrata Copper Canada division, one of five operating divisions of Xstrata Copper. Together with the Kidd Metallurgical complex, it employs close to 2,200 employees and contractors. The Mine D expansion project was completed in 2006 at a capital cost of C\$664 million . The project included the development of the Mine D shaft which extends to 9,889 feet below surface and established production areas at 8,800 feet. Developed ore reserves now reach to a depth of 9,100 feet. The new \$121 million expansion will provide an additional 3.4 million tonnes at a grade of 1.48% copper, 6.22% zinc, 0.28% lead and 80 grams per tonne of silver. The Kidd mine produces annually around 45,000 tonnes of copper and 130,000 tonnes of zinc contained in concentrates, and this latest project will enable the extension of a consistent production profile from the mine and an extension of the mine life to 2017.

About Xstrata Copper

Headquartered in Brisbane, Xstrata Copper is one of the commodity business units within the major global diversified mining group Xstrata plc. Its operations and projects span eight countries: Australia, Argentina, Chile, Peru, Canada, the USA, the Philippines and Papua New Guinea. Its operations are administered by five separate divisions, based close to the mining operations, namely the North Queensland, Minera Alumbreira, North Chile, Southern Peru and Canada divisions. It also has a recycling business (Xstrata Recycling) with plants in the United States and offices in Canada and Asia.

Xstrata Copper is the fourth largest global copper producer with annual attributable production capacity of over one million tonnes.